

**TOWNSHIP OF HART**  
*(Oceana)*  
**AUDITED FINANCIAL STATEMENTS**  
**OCEANA COUNTY, MICHIGAN**

**MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>HART</b>	County <b>OCEANA</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/23/04</b>	Date Accountant Report Submitted to State: <b>9/30/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>HENDON &amp; SLATE, PC</b>			
Street Address <b>711 WEST MAIN</b>		City <b>FREMONT</b>	State <b>MI</b>
Accountant Signature <i>Joel Hendon CPA</i>		ZIP <b>49412</b>	Date <b>9/28/04</b>

**TOWNSHIP OF HART**

Oceana County, Michigan  
Township Board

	<u>Position</u>
Geoff Hansen	Supervisor
Tim Tarske	Clerk
Todd Metzler	Treasurer
Robert Wilson	Trustee
Carl Youngstrom	Trustee

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# HS & Companies



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



Township Board  
Township of Hart  
Hart, Michigan

## Independent Auditor's Report

We have audited the general purpose financial statements of the Township of Hart, Oceana County, Michigan as of March 31, 2004 as listed in the table of contents for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Hart at March 31, 2004, and the results of its operations for the year then ended in conformity with auditing principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental data on the contents page is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Hart, Oceana County, Michigan. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

*Hendon & Slate*

Hendon & Slate, P.C.  
Certified Public Accountants  
September 23, 2004

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# TOWNSHIP OF HART

## Combined Balance Sheet All Fund Types and Account Groups March 31, 2004

	<u>Governmental Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Group</u>	<u>03/31/04 Total (Memo Only)</u>
	<u>General Fund</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	
<b>Assets</b>				
Cash	\$ 190,120	\$ 975	\$ -	\$ 191,095
Accounts Receivable	4,482	-	-	4,482
Property Taxes Receivable	7,246	-	-	7,246
Due From Other Funds	735	-	-	735
Land Contract Receivable	86,409	-	-	86,409
General Fixed Assets	<u>-</u>	<u>-</u>	<u>24,440</u>	<u>24,440</u>
Total Assets	<u>\$ 288,992</u>	<u>\$ 975</u>	<u>\$ 24,440</u>	<u>\$ 314,407</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accrued Payroll Withholdings	\$ 5,198	\$ -	\$ -	\$ 5,198
Accounts Payable	7,935	-	-	7,935
Due To Other Funds	-	735	-	735
Due to Other Units	-	240	-	240
Deferred Revenue	<u>86,409</u>	<u>-</u>	<u>-</u>	<u>86,409</u>
Total Liabilities	99,542	975	-	100,517
<b>Fund Equity</b>				
Fund Balance - Undesignated	189,450	-	-	189,450
Investments in General				
Fixed Assets	<u>-</u>	<u>-</u>	<u>24,440</u>	<u>24,440</u>
Total Fund Equity	<u>189,450</u>	<u>-</u>	<u>24,440</u>	<u>213,890</u>
Total Liabilities and Fund Equity	<u>\$ 288,992</u>	<u>\$ 975</u>	<u>\$ 24,440</u>	<u>\$ 314,407</u>

The Notes to the Financial Statements are an integral part of this statement.

## TOWNSHIP OF HART

### Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types For the Fiscal Year Ended March 31, 2004

	General <u>Fund</u>
Revenues	
Taxes	\$ 65,397
Licenses and Permits	2,325
State Grants	144,556
Charges for Services	-
Interest and Other	<u>15,208</u>
Total Revenue	227,486
Expenditures	
Legislative	37,105
General Government	97,737
Public Safety	37,731
Public Works	10,225
Recreation and Culture	<u>10,599</u>
Total Expenditures	<u>193,397</u>
Excess Revenues Over (Under) Expenditures	34,089
Fund Balance - April 1	<u>155,361</u>
Fund Balance - March 31	<u>\$ 189,450</u>

The Notes to the Financial Statements are an integral part of this statement.

# TOWNSHIP OF HART

## Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund For the Fiscal Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 63,229	\$ 65,397	\$ 2,168
Licenses and Permits	3,500	2,325	(1,175)
State Grants	147,880	144,556	(3,324)
Charges for Services	50	-	(50)
Interest and Other	<u>16,200</u>	<u>15,208</u>	<u>(992)</u>
Total Revenue	230,859	227,486	(3,373)
Expenditures			
Legislative	46,800	37,105	9,695
General Government	100,686	97,737	2,949
Public Safety	40,958	37,731	3,227
Public Works	27,100	10,225	16,875
Recreation and Culture	14,500	10,599	3,901
Other Functions	<u>815</u>	<u>-</u>	<u>815</u>
Total Expenditures	<u>230,859</u>	<u>193,397</u>	<u>37,462</u>
Excess Revenue Over (Under) Expenditures	<u>\$ -</u>	34,089	<u>\$ 34,089</u>
Fund Balance - April 1		<u>155,361</u>	
Fund Balance - March 31		<u>\$ 189,450</u>	

The Notes to the Financial Statements are an integral part of this statement.

# TOWNSHIP OF HART

Notes to the Financial Statements  
March 31, 2004

## NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Township's significant accounting policies applied in the preparation of the accompanying financial statements follows. The accounting practices followed by the Township are those prescribed by the State of Michigan.

### 1. BASIS OF PRESENTATION

The financial activities of the local unit are recorded in separate funds, categorized and described as follows:

#### Governmental Funds

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township of Hart. Revenues are derived primarily from property taxes, state distributions and interest on investments.

#### Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, other governments and or other funds. Hart Township has two funds in this latter category; the Current Tax Collections Fund, which is used to account for property taxes collected for various taxing units and various Township funds; and the Trust and Agency Fund, used primarily to record trailer fees. These Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

#### Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized.

Such assets normally are immovable and of value only to the Township. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. No depreciation has been provided on general fixed assets.

Assets purchased are recorded as expenditures in the governmental funds and were capitalized at cost in the General Fixed Assets Account Group.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results.

Because of their spending measurement focus, expenditures recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long term amounts are not recognized as governmental fund type expenditures or fund liabilities. They would instead be reported as liabilities in a General Long Term Debt Account Group.

2. BASIS OF ACCOUNTING

The Township utilizes the modified accrual basis of accounting for the Governmental Fund and the Trust Agency Fund. Modifications in such method from the accrual basis are as follows:

- A. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received. "Available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (60 days).

Properties are assessed as of December 31 and the related taxes become a lien on December 1 of the following year. These taxes are due on September 14<sup>th</sup> and February 14<sup>th</sup> with the final collection date of February 28 before they are added to the County tax rolls. The Township collects 1.25 mills for general operations.

- B. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year end.
- C. Normally, expenditures are not divided between years by the recording of prepaid expenses.

3. BUDGETS AND BUDGETARY ACCOUNTING

Public Act 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis.

Notes to the Financial Statements (Continued)

The approved budgets for the Township for these budgetary funds were adopted to the activity level. There were no material overexpenditures for the current fiscal year.

Hart Township has amended the budget periodically throughout the year by Board resolution at the monthly meetings.

NOTE B      PROPERTY TAXES RECEIVABLE

The delinquent real property taxes of the Township of Hart are purchased by the County of Oceana. The 2003 delinquent taxes of \$7,246 were received by the Township in June of 2004, which exceeds the general rule (60 days), however is soon enough to pay liabilities of the current period. These taxes have been recorded as revenue for the current year.

NOTE C      REPORTING ENTITY

The financial statements of Hart Township do not include any other governmental boards or authorities based on a determination made with control or dependence in the areas of budget adoption, taxing authority, funding, and appointment of respective boards.

NOTE D      PENSION

The Township Participates in a defined contribution pension plan. The elected officials, deputies, and the zoning administrator are eligible for participation in the plan administered by Manulife. Employees vest upon entrance into the plan. The Township contributes 9% of the employees base salary and 3% is contributed by the employees. The cost to the Township was \$3,625 and the cost to the covered employees was \$1,208. Total covered payroll for the year was \$40,276 and total payroll was \$50,047.

NOTE E      DEPOSITS WITH FINANCIAL INSTITUTIONS

1. Legal or Contractual Provisions for Deposits and Investments - Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 196, Public Acts of 1997, states the District by resolution may authorize investment of surplus funds as follows:
  - a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
  - b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with Subsection (2).

Notes to the Financial Statements (Continued)

- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
  - d. In repurchase agreements consisting of instruments listed in A.
  - e. In bankers' acceptances of United States banks.
  - f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
  - g. In mutual funds composed of investment vehicles which are legal for direct investment by a public corporation with further details in the Act.
  - h. In obligations described above if purchased through an interlocal agreement under the Urban Co-operations Act of 1967.
  - i. In investment pools organized under the Local Government Investment Pool Act of 1982 and 1985.
2. Deposits are carried at cost and are made at the Shelby State Bank, Fifth Third Bank, and West Shore Bank. The Township holds all deposits in its own name. Following is a schedule of deposits:

	<u>Carrying Amount</u>	<u>Market Value</u>	
Shelby State Bank			
General Fund Checking - 57679	\$ 1,186	\$ 1,218	FDIC Insured
Savings - 641100	8,074	8,074	FDIC Insured
Tax Account - 57430	663	66,543	FDIC Insured
Trust and Agency - 57448	312	312	FDIC Insured
West Shore Bank			
425 Account - 537284	25,586	25,586	FDIC Insured
Certificate of Deposit - 73938	17,413	17,413	FDIC Insured
Fifth Third Bank			
Savings - 7680875692	<u>137,861</u>	137,861	
		<u>(100,000)</u>	FDIC Insured
		<u>37,861</u>	Not Insured
Total	<u>\$ 191,095</u>	<u>\$ 257,007</u>	

NOTE F LAND CONTRACT RECEIVABLE

On September 18, 2000 the Township of Hart entered into a land contract with Daybreak Adult Day Services, Inc. for the sale of property at 3243 N. Lever for a price of \$100,000. The installment terms are as follows: \$10,000 was paid up front, with the balance of \$90,000 payable in monthly installments of \$598.77 at 7% interest per annum. All sums shall be paid within 8 years. As of March 31, 2004, the remaining balance was \$86,409. The following is an installment schedule:

Notes to the Financial Statements (Continued)

<u>Year Ended March 31</u>	<u>Amount</u>
2005	\$ 7,185
2006	7,185
2007	7,185
2008	7,185
2009	<u>83,577</u>
	112,317
Less Interest	<u>(25,908)</u>
	<u>\$ 86,409</u>

NOTE G CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/04</u>
Land and Improvements	\$ 1,240	\$ -	\$ -	\$ 1,240
Furniture and Equipment	<u>21,716</u>	<u>1,484</u>	<u>-</u>	<u>23,200</u>
	<u>\$ 22,956</u>	<u>\$ 1,484</u>	<u>\$ -</u>	<u>\$ 24,440</u>

NOTE H OPERATING LEASE

On September 22, 1999, the Township of Hart entered into a lease agreement with RJS Investors, LLC to obtain use of the building whose address is 209 East Polk Road. After five years, on September 22, 2004, the Township has the option to purchase the building at a price of \$160,000. If the purchase option is exercised, 80% of the principal portion of the lease payment since lease inception would be credited to the purchase price. Total cost of the lease for the year ended March 31, 2004 was \$21,308.

NOTE I TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation, interfund eliminations have not been made in the aggregation of this data.

Notes to the Financial Statements (Continued)

NOTE J      RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE K      SUBSEQUENT EVENTS

On August 10, 2004, the Township requested and was granted a six month extension on the purchase option of the lease agreement with RJS Investors. The effective date of the purchase option is now March 22, 2005.

# TOWNSHIP OF HART

## Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Fiscal Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes			
Current Real Property	\$ 49,030	\$ 47,901	\$ (1,129)
Trailer Fees	275	312	37
Property Tax Administration Fee	11,124	12,220	1,096
Payments in Lieu of Taxes	2,500	4,379	1,879
Penalties & Interest On Taxes	<u>300</u>	<u>585</u>	<u>285</u>
	63,229	65,397	2,168
Licenses and Permits			
Business	3,500	2,325	(1,175)
State Grants			
State Shared Revenue	147,880	144,556	(3,324)
Charges for Services			
Sales	50	-	(50)
Other			
Miscellaneous	7,500	3,335	(4,165)
Interest	8,000	7,932	(68)
Reimbursements	200	3,458	3,258
Refund-Rebates	<u>500</u>	<u>483</u>	<u>(17)</u>
	<u>16,200</u>	<u>15,208</u>	<u>(992)</u>
Total Revenues	230,859	227,486	(3,373)
<b>EXPENDITURES</b>			
Legislative			
Township Board			
Salaries and Wages - Board	3,600	3,499	101
- Office Clerk	5,800	5,562	238
Payroll Taxes, Insurance and			
Fringe Benefits	20,090	12,593	7,497
Professional Services	4,000	749	3,251
Supplies	1,500	1,529	(29)
Printing and Publishing	500	691	(191)
Dues and Education	1,100	1,092	8
Transportation	200	-	200
Utilities and Telephone	50	-	50
Drain Assessment	\$ 8,510	\$ 8,508	\$ 2

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Legislative-Township Board (continued)			
Miscellaneous	\$ 1,450	\$ 2,882	\$ (1,432)
Total Legislative	46,800	37,105	9,695
General Government			
Township Supervisor			
Salaries and Wages	7,240	7,240	-
Supplies	25	-	25
Transportation	100	-	100
Education and Training	200	-	200
Miscellaneous	<u>75</u>	<u>-</u>	<u>75</u>
	7,640	7,240	400
Elections			
Salaries and Wages	100	-	100
Supplies	200	-	200
Printing and Publishing	100	-	100
Education and Training	100	-	100
Capital Outlay	<u>100</u>	<u>-</u>	<u>100</u>
	600	-	600
Clerk			
Salaries and Wages	11,430	11,430	-
Supplies	350	230	120
Transportation	100	-	100
Education and Training	225	-	225
Printing and Publishing	50	-	50
Memberships and Dues	<u>25</u>	<u>-</u>	<u>25</u>
	12,180	11,660	520
Board of Review			
Salaries and Wages	1,375	900	475
Printing and Publishing	25	274	(249)
Supplies	25	15	10
Education and Training	225	150	75
Miscellaneous	<u>125</u>	<u>-</u>	<u>125</u>
	\$ 1,775	\$ 1,339	\$ 436

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Treasurer			
Salaries and Wages	\$ 13,881	\$ 13,881	\$ -
Printing and Publishing	50	507	(457)
Supplies	3,675	2,520	1,155
Education and Training	50	-	50
Capital Outlay	-	1,484	(1,484)
Miscellaneous	<u>750</u>	<u>-</u>	<u>750</u>
	18,406	18,392	14
Assessor			
Professional Services	12,100	12,000	100
Supplies	410	1,033	(623)
Printing and Publishing	100	-	100
Transportation	50	-	50
Utilities	25	-	25
Miscellaneous	100	-	100
Capital Outlay	<u>250</u>	<u>-</u>	<u>250</u>
	13,035	13,033	2
Township Hall			
Supplies	350	162	188
Repairs and Maintenance	1,000	1,462	(462)
Utilities	4,200	3,958	242
Contracted Services	1,900	1,830	70
Lease Expense	22,000	21,308	692
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
	29,550	28,720	830
Cemetery			
Contributions To Other Units	17,000	17,000	-
Supplies	400	353	47
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
	<u>17,500</u>	<u>17,353</u>	<u>147</u>
Total General Government	100,686	97,737	2,949
Public Safety			
Fire Fighting			
Contributions to Other Units	30,373	28,798	1,575
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
	\$ 30,473	\$ 28,798	\$ 1,675

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Planning and Zoning			
Salaries and Wages - Administration	\$ 4,635	\$ 4,635	\$ -
- Commission/ZBA	3,300	2,900	400
Professional Services	1,050	-	1,050
Supplies	350	869	(519)
Printing and Publishing	250	529	(279)
Dues and Education	700	-	700
Transportation	200	-	200
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,485</u>	<u>8,933</u>	<u>1,552</u>
Total Public Safety	40,958	37,731	3,227
Public Works			
Highways, Street and Bridges			
Contracted Services	9,000	8,776	224
Capital Outlay	15,000	-	15,000
Miscellaneous	<u>500</u>	<u>-</u>	<u>500</u>
	24,500	8,776	15,724
Street Lighting			
Meadowbrook	1,200	1,026	174
Utilities	<u>1,400</u>	<u>423</u>	<u>977</u>
	<u>2,600</u>	<u>1,449</u>	<u>1,151</u>
Total Public Works	27,100	10,225	16,875
Recreation and Culture			
Recreation	12,500	10,599	1,901
Library	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Recreation and Culture	14,500	10,599	3,901
Other Functions			
Contingencies	<u>815</u>	<u>-</u>	<u>815</u>
Total Expenditures	<u>230,859</u>	<u>193,397</u>	<u>37,462</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	34,089	<u>\$ 34,089</u>
Fund Balance - April 1		<u>155,361</u>	
Fund Balance - March 31		<u>\$ 189,450</u>	

# TOWNSHIP OF HART

## Combined Statement of Changes in Assets and Liabilities - All Agency Funds For the Fiscal Year Ended March 31, 2004

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/04</u>
Total Agency Funds				
Assets				
Cash	<u>\$ 477</u>	<u>\$ 1,091,295</u>	<u>\$ 1,090,797</u>	<u>\$ 975</u>
Total Assets	<u>\$ 477</u>	<u>\$ 1,091,295</u>	<u>\$ 1,090,797</u>	<u>\$ 975</u>
Liabilities				
Due to Township	\$ 477	\$ 53,140	\$ 52,882	\$ 735
Due to Library	-	67,385	67,385	-
Due to Lake Improvement Board	-	6,952	6,952	-
Due to Cemetery	-	17,060	17,060	-
Due to County	-	522,229	521,989	240
Due to Schools	-	353,129	353,129	-
Due to Intermediate School District	-	71,400	71,400	-
Total Liabilities	<u>\$ 477</u>	<u>\$ 1,091,295</u>	<u>\$ 1,090,797</u>	<u>\$ 975</u>

# TOWNSHIP OF HART

## Statement of Changes in Assets and Liabilities - All Agency Funds For the Fiscal Year Ended March 31, 2004

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/04</u>
Current Tax Collections Fund				
Assets				
Cash	<u>\$ 453</u>	<u>\$ 1,089,423</u>	<u>\$ 1,089,213</u>	<u>\$ 663</u>
Total Assets	<u>\$ 453</u>	<u>\$ 1,089,423</u>	<u>\$ 1,089,213</u>	<u>\$ 663</u>
Liabilities				
Due to Township	\$ 453	\$ 52,828	\$ 52,618	\$ 663
Due to Library	-	67,385	67,385	-
Due to Lake Improvement Board	-	6,952	6,952	-
Due to Cemetery	-	17,060	17,060	-
Due to County	-	520,669	520,669	-
Due to Intermediate School District	-	71,400	71,400	-
Due to Schools	<u>-</u>	<u>353,129</u>	<u>353,129</u>	<u>-</u>
Total Liabilities	<u>\$ 453</u>	<u>\$ 1,089,423</u>	<u>\$ 1,089,213</u>	<u>\$ 663</u>
Trailer Fees				
Assets				
Cash	<u>\$ 24</u>	<u>\$ 1,872</u>	<u>\$ 1,584</u>	<u>\$ 312</u>
Liabilities				
Due to Township	\$ 24	\$ 312	\$ 264	\$ 72
Due to County	<u>-</u>	<u>1,560</u>	<u>1,320</u>	<u>240</u>
Total Liabilities	<u>\$ 24</u>	<u>\$ 1,872</u>	<u>\$ 1,584</u>	<u>\$ 312</u>

# H&S Companies



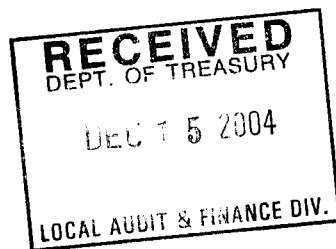
**Hendon & Slate, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



September 17, 2004

Township Board  
Township of Hart  
Oceana County  
Hart, Michigan 49420



Dear Board Members:

In connection with our audit of Hart Township as of and for the year ended March 31, 2004, we offer the following comments and recommendations.

**GASB 34 - BASIC FINANCIAL STATEMENTS - AND MANAGEMENT'S DISCUSSION AND ANALYSIS - FOR STATE AND LOCAL GOVERNMENTS**

This year was the last year that your financial statements will look as they do. Your financial statements for the year ended March 31, 2006 will need to incorporate the modifications as required by GASB 34.

This is just a brief over-view of what GASB 34 is and what it means to you. This statement makes many changes to the presentation of the financial statements. One of the most substantial changes is to add government-wide financial statements which are prepared using economic resources measurement focus and the full accrual basis of accounting (used by most for-profit businesses). These statements would also report the Township's fixed assets and infrastructure at original purchase less depreciation. The fund financial statements will continue to be presented as well, however, the columns presented will change to the general fund and other "major" funds and a summary reconciliation will be required to identify the differences between the government-wide and fund reports. In addition, a Management's Discussion and Analysis (MD&A) will be required. The MD&A is prepared by the chief administrative officer (supervisor) and would include analysis and descriptions of significant changes over prior years, condensed presentation of current and prior year financial information and other descriptions of facts, conditions, or decisions which management expects did or will have a significant effect on the financial statements. This statement also prescribes the Required Supplementary Information (RSI) to include budgetary comparison schedules (as currently prescribed by the State of Michigan), however, with the addition of the originally adopted budget (as well as the final amended budget).

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Also be aware that the State of Michigan has indicated that the audits will still be acceptable if the Township wishes to omit the government-wide financial statements, the MD&A, and the infrastructure information, however, these omissions will require us to qualify our audit opinion. As you can see the changes in your financial statements will be substantial, if you decide to fully implement this standard. Of course, we would be happy to assist you in any way regarding the implementation of this new standard.

REVISED MUNICIPAL FINANCE ACT

Michigan Public Act 34 of 2001 became effective on March 1, 2002. This Act will require the Township to prepare and file Form 3883 - Municipal Finance Qualifying Statement on an annual basis.

If any of you board members have questions or concerns regarding our audit, the financial statements or this letter, please do not hesitate to call.

Thank you for the courtesy extended to us during our audit. We look forward to continuing to serve Hart Township.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jack Hendon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jack Hendon, CPA  
Hendon & Slate, P.C.